

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

**Natwar M. Gandhi**  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi [signature]  
Chief Financial Officer

**DATE:** December 14, 2004

**SUBJECT:** Fiscal Impact Statement: Mendelson Amendment # 1 to  
“Ballpark Omnibus Financing and Revenue Act of 2004”

**REFERENCE:** Draft Proposed Legislation – No Number Available

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**Conclusion**

Funds are sufficient in the proposed FY 2005 through FY 2008 budget and financial plan to implement the proposed legislation. The proposed Amendment is projected to result in an increase of \$1.1 million in FY 2005 and \$7.7 million in the FY 2005 through FY 2008 financial plan.

**Background**

The proposed legislation would eliminate the existing 5.75 percent sales tax paid by businesses on utilities and would provide authority for the CFO to collect and increase the gross receipts tax rate<sup>1</sup> on public utilities and toll-telecommunications companies<sup>2</sup> from 10 percent to 12 percent, effective January 1, 2005, on gross receipts from non-residential customers only. Gross receipts from residential customers will be taxed at 10 percent. Ten million dollars of the proceeds from the increased gross receipts tax rate would be deposited in the Ballpark Revenue Fund. This amendment also establishes a fee schedule different from the one included in the Engrossed Version of Bill 15-1028, as follows:

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<sup>1</sup> The current gross receipts tax of 11 percent is scheduled to be reduced to 10 percent on January 1, 2005.

<sup>2</sup> For purposes of this Amendment, utilities include companies providing the following service: local telephone, toll telecommunication, wireless or mobile telecommunication; heating oil, gas, and non-public companies delivering natural or artificial gas after February 1, 2005; and electricity at a rate of \$0.0014 per kilowatt-hour.

- "(1) Each feepayer with annual District gross receipts of \$6,000,000 to \$8,000,000 shall pay \$4,000;
- "(2) Each feepayer with annual District gross receipts of \$8,000,001 to \$10,000,000 shall pay \$6,000;
- "(3) Each feepayer with annual District gross receipts of \$10,000,001 to \$12,000,000 shall pay \$8,000;
- "(4) Each feepayer with annual District gross receipts of \$12,000,001 to \$14,000,000 shall pay \$10,000;
- "(5) Each feepayer with annual District gross receipts of \$14,000,001 to \$16,000,000 shall pay \$11,500;
- "(6) Each feepayer with annual District gross receipts of \$16,000,001 to \$18,000,000 shall pay \$13,000;
- "(7) Each feepayer with annual District gross receipts of \$18,000,001 to \$20,000,000 shall pay \$15,000;
- "(8) Each feepayer with annual District gross receipts of \$20,000,001 to \$30,000,000 shall pay \$18,000;
- "(9) Each feepayer with annual District gross receipts of \$30,000,001 to \$40,000,000 shall pay \$25,000;
- "(10) Each feepayer with annual District gross receipts of \$40,000,001 to \$60,000,000 shall pay \$35,000;
- "(11) Each feepayer with annual District gross receipts above \$60,000,001 shall pay \$48,000;

The revenues received from these fees are to be deposited in the Baseball Revenue Fund. The legislation dedicates these revenues and any other funds deposited in the Baseball Revenue Fund to be used for the development, construction, maintenance and operation of the new ballpark, as well as improvements, maintenance and upgrades of the RFK Stadium related to baseball games and events.

### **Financial Plan Impact**

The proposed FY 2005 through FY 2008 budget and financial plan has sufficient resources to implement the provisions of the proposed legislation. The proposed increase in gross receipts tax is estimated to generate \$20 million during FY 2005, and \$24.2 million in each year FY 2006 through FY 2008. The proposed elimination of the sales tax on business purchases of public utilities and toll-telecommunications is estimated to decrease collections by \$8.9 million during FY 2005, and \$12 million each year of FY 2006 through FY 2008. A \$10 million contribution of the proceeds into the Ballpark Revenue Fund will have the following projected impacts on the General Fund.

**General Fund, Revenue Impact to the Financial Plan (\$ in Millions)**

<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>Total</b>
1.1	2.2	2.2	2.2	7.7

The proposed Amendment is projected to result in an increase of \$1.1 million in FY 2005 and \$7.7 million in the FY 2005 through FY 2008 financial plan.